

RETIREE ADVISOR

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Produced for retired members of the Tennessee Consolidated Retirement System

From the Director's Desk



Ed Hennessee

Please . . . Don't Risk It

Recently, TCRS has had a number of cases where a member applies for benefits and continues to work under a contract. In other cases, retirees have returned to employment and worked under a contract in an attempt to avoid suspension of benefits.

These members/retirees have placed their financial welfare at risk because, when discovered, they have been required to repay the benefits they received while they were working. In some cases, the amounts repaid have been enormous.

The existence of a contract does not provide a loophole to permit one to receive benefits and work for a covered employer. Referring to someone as an independent contractor does not actually make that person an independent contractor.

If you are ever in a position to consider an appointment with a covered employer after retirement, you should limit yourself to 100 days of temporary employment per year, direct TCRS to suspend your benefit, or decline the opportunity.

Please do not risk your financial future! The TCRS mission is to provide lifetime benefits to retirees, not collect benefit payments already made.

Editor's Note:

Certain statutory exceptions to the above exist. In addition, the guidelines for disability retirees are different. If a disability retiree returns to any employment (regardless of whether it is with a covered employer) which results in earnings in excess of the Social Security Administration's definition of gainful employment, the disability benefit will be suspended. As of July 1, 2000, the amount was \$700 per month. For more information, you may request a booklet or visit the TCRS internet site at www.treasury.state.tn.us/tcrs.

Tax Time Approaches

All retirees and beneficiaries who received TCRS retirement benefits in 2000 will receive a 1099-R with this newsletter. Following is an explanation of several key sections on the 1099-R form that will help you in filing your taxes.

Box 1: This is the total TCRS pension benefits you received. This amount should be reported on your IRS Form 1040, Line 16a.

Box 2a: This amount is the taxable portion of your benefit as calculated by TCRS. This amount should be reported on Line 16b of your IRS Form 1040. TCRS uses the Simplified General Rule to calculate the taxable amount. If you retired on or before July 1, 1986, the amount of your after-tax contributions has already been excluded from your taxable income and your TCRS benefits are now fully taxable. *(continued on back)*

Important Information

Retired Payroll: 615-741-4913
Toll Free: 800-770-8277

Internet: www.treasury.state.tn.us/tcrs
Email: TCRS.Financial@mail.state.tn.us

Mailing Address: TCRS
10th Floor
Andrew Jackson Bldg.
Nashville, TN 37243

Blue Cross/Blue Shield
Medicare Supplement: 800-221-7828
Group Insurance: 800-558-6213
Social Security: 800-772-1213

Understanding Direct Deposit

Some retirees do not understand why the decision was made to make direct deposit mandatory. While there are some individuals who still prefer to receive their benefit payment by mail, it is our goal to help all of our retirees understand the drawbacks of receiving a check in the mail.

- ◆ **Lost or Stolen Checks** - TCRS has no control of checks lost in the mail. The replacement payment process takes at least a week.
- ◆ **Budgetary Concerns** - Direct Deposit is projected to save thousands of dollars annually in postage and processing costs.
- ◆ **Fraud** - After checks are cashed, they contain addresses and other information that can be especially damaging. If you cash or deposit your check, it has the information printed by TCRS as well as a sample of your signature, possibly your bank account number or driver's license number, and the bank routing number of the institution. The check is then handled by that institution, the staff of any corresponding institution, and the Federal Reserve before it is returned to the state. This is potentially a much more dangerous document than an electronic deposit transaction.
- ◆ **Timeliness of Payment** - By the time you get a check, your direct deposit payment would have already been in your bank account for about two days.

Join the overwhelming majority (81% of retirees) who have already signed up for direct deposit. Please send in your direct deposit instructions soon. We trust that you will appreciate the added convenience and safety provided by direct deposit. If you have questions concerning this matter, please contact our office by writing to TCRS at the address on the front of this newsletter. You may call our office at (615) 741-4913 or 1-800-770-8277 (toll-free).

2001 Direct Deposit Payment Schedule

January	31	July	31
February	28	August	31
March	30	September	28
April	30	October	31
May	31	November	30
June	29	December	31

Tax Time Approaches

(continued from front)

Disability benefits from TCRS are fully taxable until the benefit is converted to a regular retirement benefit at age 60 or death. After that point, the Simplified General Rule is used to determine the taxable portion of each monthly payment.

Box 4: This indicates the amount of federal income tax withheld by TCRS in the year 2000. Forms to change or revoke your withholding election may be obtained by calling or writing TCRS or from the internet at www.treasury.state.tn.us/tcrs.

Box 7: This shows the type of benefit you are receiving. If you are a disability retiree, you may be eligible for a disability tax credit. (Refer to IRS Publication 524.)

Additional tax information may be obtained by calling the IRS toll-free number at 1-800-829-1040. In Nashville, call 834-9005.

The *Retiree Advisor* is a publication of TCRS, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230, (615) 741-4913 or 1-800-770-8277.

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